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## Household Regularities in the Market's Institutional System

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**Abstract:** *The intricacy of household research, the interaction between economic and behavioral (institutional) issues, and the necessity for personal attention to household income are all discussed in the essay. today's scientific, analytical, and practical approaches and recommendations on market mechanisms and household opportunity regulation.*

**Keywords:** *human capital, rational research, neoclassical theory, institutional economics, information scale.*

### Introduction.

The household sector as an important sector of the national economy, on the one hand, is considered one of the most important factors in the reproduction of labor resources, investment of human capital and development of the real sector, and on the other hand, it is a consumer of basic goods.

All the actions carried out under the leadership of the head of state are given special importance to improve the standard of living of our people, to increase their well-being, in particular, to continuously increase the income of households. PF-60 of the President of the Republic of Uzbekistan dated January 28, 2022 "On the development strategy of New Uzbekistan for 2022-2026", PQ5041 dated March 27, 2021 "On additional measures to be implemented within the framework of family business development programs" [1], decisions, in turn, lead to an increase in the income of households, to a positive change in the level of consumption as an institutional unit to a certain level.

It is known that households as an institutional unit in market relations seek to satisfy their needs at the highest level, firms - to obtain the highest maximum profit, and the state, as a responsible for ensuring the well-being of society, offers non-market services. As each of them has a certain place in the system of social distribution of labor, in order to realize their economic interests, they should offer what other economic subjects who are representatives of market relations feel the need for. Analyzing the mutual relations of institutional units, we should note that the relations between them do not always have a pure market description.

Based on this, today, analyzing households in our country, special attention is paid to increasing their income. Therefore, it is necessary to deepen the scientific research work on this problem in our country and shows how relevant the chosen topic is.

## Materials and methods

The role of households in macroeconomic analysis, as the main institutional unit of the national economy, has been highlighted by many economists and experts in their researches and international conferences. They showed the economic foundations of households, their role in the country's economy, the main aspects of households in the national economy, and the dynamics of change.

If we look at households in the system of economic schools, according to the views of A. Smith and D. Ricardo [2], the representatives of the classical theory considered the household based on the distribution of society's wealth.

In the theory of the founder of the Keynesian school, Dj. M. Keynes, the main focus is on the study of the change of accumulation with consumption expenditure [3]. The main aspect of Dj. M. Keynes' theory is that he deeply analyzed the changes in savings of households with consumption expenditure in graphs.

According to the Russian economist A. N. Oleynik, the household is a group of people united by the common tasks of human capital reproduction, place of residence, budget and family ties [4].

Another economist scholar O.V.Mironenko has the status of employment in the event that the household is united by a common budget and place of residence, where each one has the status of an employment provider as a factor of production, as well as an economy that can have both natural and commodity character, which he has researched as a group of one or more persons involved in the economy[5].

G.P. Zhuravleva inextricably links the household with its role in the formation of "human capital"[6]. An economic unit operating in the consumer sector of the economy, which may consist of one or more individuals. He put forward the opinion that he ensures the creation and re-creation of "human capital", makes independent decisions, is the owner and supplier of a certain factor of production in the market economy, strives to satisfy his personal needs as much as possible (not to increase profit).

B.B. Berkinov and U.K. Akhmedov from Uzbek scientists made an econometric analysis of the contribution of households to assets [7].

Economist Sh. Dj. Badalov, who examined households from the point of view of the macroeconomic circular cycle, reacts as follows: "In this way, households interact with firms from the supply side in the resource market and from the demand side in the product market" [8].

Households as an institutional unit in the national economy are widely used in the study of scientific research, comparative comparison, study of statistical data and economic comparison and analysis, logical thinking, scientific abstraction, information grouping, analysis and synthesis, induction and deduction.

## Analysis and results

If we analyze the macroeconomics in the research of households, in the macroeconomic cycle, it starts from the owner of the resource and participates as an active participant in the economic relations in the phases of reproduction one after the other. This, in turn, represents the activity of households in the system of market relations.

If we study households from an institutional approach, household problems are based on:

- 1) The internal structure of the household in the institutional economy, that is, its composition and main activities. The goals of households differ in different economic systems.
- 2) Households are not compatible with rational behavior.
- 3) Households cannot estimate the future outcome of the choices they make today.

4) Households are not "calculating machines" as the exponents of neoclassical theory claim. The ability to collect and process information on all household members is limited.

5) Institutional economics rejects the idea of the "optimizing rationalizer" in the neoclassical approach, because households are always faced with constraints that do not allow them to optimize.

In our opinion, it is necessary to take into account the approach proposed by the institutionalist Dj. Hodgson [9] in the approach to household problem solving. Because this classification includes:

- 1) Scale of information. This is a situation where there is so much information that the household cannot process it: despite the availability of information, its acquisition requires a significant investment of time and other resources. A typical example is the selection of consumer goods in a supermarket, where, for example, households have to choose from hundreds of types of cheese, sausage, or other foods. Accordingly, the household cannot make a complete decision because it cannot process all the data sets.
- 2) Complexity of information. Here, the volume of data is small, but households do not have the skills to process it. In other words, there is a trade-off between the complexity of the decision-making environment, on the one hand, and computational capabilities, on the other. An example is the purchase of consumer durables with complex technical characteristics (for example, cars or computers). In such a situation, the household cannot act as an "optimizing innovator".
- 3) Uncertainty. It is associated with the lack or absence of information about the future results of current actions. As a result, the basis for decision-making optimization is lost.

Institutional analysis sheds light on the different aspects of these institutional units, rather than the organization of the household in its own form, that is, firms and states, power relations. This makes it possible to characterize the characteristics of households in market conditions as a unique institutional structure.

Household income is mostly formed in the form of savings. These savings are used by households mainly to meet daily needs and to purchase investment goods or as capital for profit.

The funder allows to connect the needs of the household with the capabilities of the members of the household. From this point of view, it is important to pay special attention to the processes of formation and distribution of financial resources in households.

Household savings can take different forms.

1. Placement of savings in finance, that is, placement in banks. The advantages of this method are reliability, safety of savings, additional income in the form of their growth, interest. Households do not have to deal with the commercial placement of cash because banks do.
2. Investing funds in securities of public and private, including foreign companies. This, in turn, will have an income related to the stock price for households. But the financial market does not guarantee them stability. It is necessary to take into account all risks in households.
3. Conversion of deposits into gold or precious stones. The disadvantage of this method is that it takes time and certain costs to turn them into cash. In addition, there is a risk of losing them if they are kept at home. If kept in a bank, then such a service is paid and requires certain requirements, resulting in an increase in household expenses.
4. Purchase of real estate (apartments, cottages, plots of land and other properties). Currently, an existing household can rent real estate that it does not use. However, this method of household savings is

imperfect, and in some cases the price of real estate may be high as a result of saturated demand. Converting real estate into cash involves additional time and a significant investment of direct cash.

5. Transfer of cash in the national currency to other currencies of countries that are convertible in the world market.

The complexity of household research is explained by the interdependence of economic and behavioral (institutional) factors and the fact that traditional methods of household research do not give clear results. As of January-November 2022, the number of one-person households in Uzbekistan was only 2.7%, while 6.7% of households consisted of two people, 11% of three people, 18.4% of four people, and 22.6% of five-person households. Households with six or more members accounted for 38.6 percent [10]. That's why the main attention should be paid to the income of households, since the number of households is the largest share. We can see the change in population income through the table below (Table 1).

**Table 1. Dynamics of population income changes in the Republic of Uzbekistan[10]**

Indicators	2010 y	2015 y	2016 y	2017 y	2018 y	2019 y	2020 y	2021 y
total revenues	100	100	100	100	100	100	100	100
including primary income	80,4	84,2	85,1	80,6	77,5	76,2	75,4	73,6
Income from production	78,5	82,0	82,2	77,4	74,6	73,5	73,3	71,5
Income from property	1,9	2,2	2,9	3,1	2,9	2,7	2,1	2,2
<b>Income from transfers</b>	<b>19,6</b>	<b>15,8</b>	<b>14,9</b>	<b>19,4</b>	<b>22,5</b>	<b>23,8</b>	<b>24,6</b>	<b>26,4</b>

It is known that households have income consisting of wages, business income, government benefits and pensions. Accordingly, the share of earned income in Uzbekistan by the end of 2021 was 73.6%, income from property was 1.9% in 2010, and 2.2% in 2021. If we compare the dynamics of the change of all incomes, we can see that the incomes from social transfers made 19.6 percent and 26.4 percent in 2021, which changed significantly due to the state support of households.

We believe that this will not only help provide agricultural products at a time when food prices are rising, but will also lead to the activation of family farm market dynamics.

In the conditions of the market economy, the household is an independent economic entity, that is, the standard of living of household members depends on the amount of income corresponding to their share. A number of factors affect this amount. Under the influence of these factors, it can increase or decrease. Therefore, with the goal of maintaining the usual level of consumption, the household needs to control the distribution of the income received from various funds, the targeted use of funds from these funds.

The development experience of foreign countries that have achieved significant success in reforming the economy and ensuring a high level of income of the population shows that the initiative aimed at family entrepreneurship is becoming increasingly important not only in ensuring employment, but also in equal distribution of income, as well as in improving the quality of stable factors of socio-economic development [12].

Currently, the majority of small businesses in the countries of the world are family businesses. The social and economic advantages of this form of family business organization ensure the high efficiency of its subjects, long-term continuity and their rapid development. In many economically developed countries, there are special associations that conduct research in the field of family business organization, protect its interests, and organize discussion areas for sharing experience on the activities of family businesses. This allows to expand the active involvement of the population in business activities, to develop family work traditions and to form a dynasty of family entrepreneurs.

## Conclusions and suggestions

The household can be defined as a specific economic subject with all the characteristics based on the institutional approach. In the conditions of market relations, the household engages in constant interaction with other economic entities. Therefore, within the process of institutional development of the household, the problem of their interaction with the state is of urgent importance. At the current stage of the development of households, the activation of entrepreneurial activities in households in their total income has a positive effect on the increase in the lifestyle of the population. It is known that increasing entrepreneurial activity in households is important for the development of the country's economy.

In our opinion, through the participation of the household in the system of economic relations, institutional attention should be paid to the following:

- 1) ensures the realization of social, economic and other needs of the property;
- 2) the household provides the parameters of reproduction in the national economy in the modern economic system by realizing the interests of its owner;
- 3) in a market economy, households are empowered consumers because households force producers to serve their best interests through the market mechanism.

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